

Message Text

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51

ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 XMB-02 PRS-01 AID-05

INR-07 CIAE-00 L-02 /037 W

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R 211006Z JAN 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9998

LIMITED OFFICIAL USE BANGKOK 1131

E.O. 11652: N/A

TAGS: EFIN, TH

SUBJECT: SIAM KRAFT PAPER CO.

REFS: (A) BANGKOK 0761

(B) STATE 010029

1. STRATTON OF SKPC INFORMED COMMERCIAL ATTACHE JANUARY 21 THAT, SINCE HIS TELEPHONE CONVERSATION WITH OPIC MENTIONED REFTTEL (A) THERE HAS BEEN A SERIES OF MEETING LOCALLY TO DISCUSS SKPC'S PROBLEMS, AND STRATTON HAS BEEN COMMUNICATING WITH EXIM BY COMPANY TELEX. STRATTON HAS PROPOSED TO EXIM THAT FOUR-MAN TEAM CONSISTING OF A REPRESENTATIVE OF THAI CREDITORS, A REPRESENTATIVE OF MAJOR STOCKHOLDERS, A REPRESENTATIVE OF SKPC, AND HIMSELF TRAVEL TO WASHINGTON JANUARY 25 TO HOLD TALKS BEGINNING JANUARY 27.

2. ACCORDING STRATTON, ATTITUDE OF THAI INTERESTED PARTIES SEEMS FAVORABLE WITH RESPECT TO REORGANIZATION, AND THEY ARE LOOKING TO EXIM FOR GUIDANCE ON HOW TO KEEP OPERATING AND HOW TO REFINANCE. MAIN IMMEDIATE PROBLEM FOR SKPC IS TRYING TO FIND FUNDS FOR OPERATING CAPITAL, SINCE NO ONE WANTS TO PUT UP MONEY ON A TEMPORARY BASIS. SAID SKPC'S CREDIT IS COLLAPSING AS WORD GETS AROUND ABOUT FINANCIAL DIFFICULTIES, WITH SUPPLIERS ASKING PAYMENT FOR OUTSTANDING BILLS. STRATTON SEEMED ONLY HALF-JOKING WHEN HE SAID HE WAS HAVING TROUBLE TRYING TO SCRAPE UP ENOUGH MONEY FOR

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WASHINGTON TRIP. SAID THAT ON THE POSITIVE SIDE, EXIM HAD

AUTHORIZED DEBENTURE PAYMENT.

3. STRATTON SAID RTG ATTITUED TOWARD SKPC PROBLEMS IS NEGATIVE, WITH NO INCLINATION TO HELP RELIEVE THEM. EVEN THOUGH ONE OF SKPC'S DIRECTORS IS CABINET MEMBER (MINISTERR OF FINANCE), HE IS NOT OF MUCH HELP. HE THOUGHT IT WOULD PROBABLY BE POLITICALLY UNTENABLE FOR GOVT. OFFICIALS TO BE FORTHCOMING AT THIS TIME, SINCE RTG IN GENERAL SEEMS TO BE ANTI-BUSINESS IN ITS ATTITUED.

4. EMBASSY UNABLE TO COMMENT ON SERIOUS NESS OF SKPC'S DIFFICULTIES OTHER THAN DESCRIBING THEM AS THEY ARE RELATED TO US. BECAUSE OF WELL-KNOWN US CONNECTIONS, INCLUDING EXIM INVOLVEMENT, AND CROWN PROPERTIES' FINANCIAL INTEREST, CONSIDERABLE ADVERSE PUBLICITY COULD BE EXPECTED IF COMPANY WERE PERMITTED TO COLLAPSE.
KINTNER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: CunninFX
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